

AUDITORS' REPORT

To,
The Members of Sarda Energy Limited

1. We have audited the attached Balance Sheet & Cash Flow Statement of Sarda Energy Limited as at 31st March, 2012. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet & Cash Flow Statement dealt with by this Report is in agreement with the books of account;
 - d) In our opinion, the Balance Sheet & Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
 - e) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012.
- b) In the case of the Cash Flow Statement of the Company as at 31st March 2012.

For , Begani & Begani
Chartered Accountants
(FRN:010779C)

Sd/-
(Vivek Begani)
Partner
M.No. : 403743

Place : Raipur
Date : 09.05.2012

ANNEXURE TO AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

(Referred to in Paragraph 3 of our Report of even date on the accounts of Sarda Energy Limited ended on 31st March, 2012)

- i) In respect of Fixed Assets:
 - a. The company is maintaining proper records showing full particulars, including Quantitative details and situation of fixed assets.
 - b. Fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
 - c. The fixed assets disposed off are not substantial so as to affect its going concern status.
- ii) According to the information and explanations given to us, the Company has not granted or taken any loan, secured or unsecured, to or from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iii) In our opinion and according to the information and explanation given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.
- iv) In respect of transactions that need to be entered into a register maintained in pursuance of section 301 of the Companies Act, 1956:
 - a) In our opinion and according to the information and explanation given to us, the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
 - b) In our opinion and according to the information and explanation given to us, each of these transaction have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- v) In our opinion, the company has no formal internal audit system during the year under review, but its internal control procedures ensure reasonable internal checking of its financial & other records
- vi) The Company has not accepted any deposits from the public.
- vii) To the best of our knowledge and according to the information and explanations provided to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act,1956.
- viii) As informed to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- ix) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

- x) The company has not issued any debentures during the year.
- xi) The company has not raised any money by way of public issue during the year.
- xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- xiii) According to the information and explanations given to us, clauses (ii) (viii) (ix) (x) (xi) (xii) (xiii) (xiv) (xvi) and (xvii) of paragraph 4(A) of the Manufacturing And Other Companies (Auditors' Report) Order, 1988 are not applicable.

For , Begani & Begani
Chartered Accountants
(FRN:010779C)

Sd/-
(Vivek Begani)
Partner
M.No. : 403743

Place : Raipur
Date : 09.05.2012

SARDA ENERGY LIMITED
BALANCE SHEET AS AT 31ST MARCH 2012

(Amount in Rs.)

	Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	2	500,000	500,000
	(b) Reserves and surplus		-	-
	(c) Money received against share warrants		-	-
2	Share application money pending allotment		-	230,042,520
3	Non-current liabilities			
	(a) Long-term borrowings	3	954,371,961	-
	(b) Deferred tax liabilities (Net)		-	-
	(c) Other Long term liabilities		-	-
	(d) Long-term provisions		-	-
4	Current liabilities			
	(a) Short-term borrowings		-	-
	(b) Trade payables		1,211,043	1,210,665
	(c) Other current liabilities	4	7,872,901	316,316
	(d) Short-term provisions	5	11,236	104,830
	TOTAL		963,967,141	232,174,331
II.	ASSETS			
1	Non-current assets			
	(a) Fixed assets	6		
	(i) Tangible assets		64,597,649	69,332,569
	(ii) Intangible assets		5,423	9,038
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(b) Non-current investments		-	-
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances	7	786,662,272	132,723,719
	(e) Other non-current assets	8	111,858,860	29,273,088
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories		-	-
	(c) Trade receivables		-	-
	(d) Cash and cash equivalents	9	164,958	150,765
	(e) Short-term loans and advances	10	677,979	685,152
	(f) Other current assets		-	-
	TOTAL		963,967,141	232,174,331

Significant accounting policies

1

-

-

The accompanying Notes are an integral part of the financial statements.

As per our Report of even date

For, Begani & Begani

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Chartered Accountants

FRN: 010779C

Sd/-

Sd/-

Sd/-

Sd/-

(VIVEK BEGANI)

(K. K. SARDA)

(PANKAJ SARDA)

(MANISH SETHI)

PARTNER

DIRECTOR

DIRECTOR

COMPANY SECRETARY

M. No. 403743

PLACE : RAIPUR

PLACE: RAIPUR

DATE : 09.05.2012

DATE : 09.05.2012

SARDA ENERGY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	PARTICULARS	Year ended 31.03.2012 (Rupees)	Year ended 31.03.2011 (Rupees)
A.	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net Profit before tax as per Profit & Loss Account	-	-
	<u>Adjustment for :</u>		
	Depreciation	-	-
	Interest (Net)	-	-
	Dividend income	-	-
	Operating Profit before Working Capital changes	-	-
	<u>Adjustment for :</u>		
	Inventories	-	-
	Trade and other receivable	-	-
	Loans and Advances	-	-
	Trade Payable	-	-
	Cash generated from Operations	-	-
	Direct Taxes (Net)	-	-
	Net cash from Operating Activities	-	-
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	Investment in Fixed Assets including Capital WIP	(77,623,355)	(52,045,789)
	Sale of Fixed Assets	(223,882)	-
	Loans & Advances	(653,931,380)	(111,367,861)
	Current Liabilities	7,463,369	108,096
	Net Cash used in Investing Activities	(724,315,248)	(163,305,554)
C.	CASH FLOW FROM FINANCING ACTIVITIES :		
	Proceeds from fresh issue of shares	-	-
	Share Application Money received pending	(230,042,520)	163,132,520
	Term Loan received	954,371,961	-
	Net Cash from financing Activities	724,329,441	163,132,520
	Net Increase/(decrease) in Cash and Cash equivalents (A+B+C)	14,193	(173,034)
	CASH AND CASH EQUIVALENTS AS AT 01/04/2011 (as per Note-'11')	150,765	323,798
	CASH AND CASH EQUIVALENTS AS AT 31/03/2012 (as per Note-'11')	164,958	150,765
	Increase/(decrease) in Cash and Cash equivalents	14,193	(173,034)

Notes:

(a) Cash and cash equivalent include the following :

 Cash on Hand

 Balance with Banks

-

-

164,958

150,765

(b) Figures in brackets represent outflows.

(c) Previous year figures have been recast/restated wherever necessary.

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR, BEGANI & BEGANI

Chartered Accountants

FRN: 010779C

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

Sd/-

Sd/-

Sd/-

(K. K SARDA)
DIRECTOR

(PANKAJ SARDA)
DIRECTOR

(MANISH SETHI)
COMPANY SECRETARY

(VIVEK BEGANI)
PARTNER

M. No. 403743

PLACE: RAIPUR

DATED : 09.05.2012

PLACE: RAIPUR

DATE : 09.05.2012

AUDITORS' CERTIFICATE

We have examined the attached Cash flow Statement of M/s Sarda Energy Limited for the year ended 31st March, 2012. The statement has been prepared by the Company in agreement with the corresponding Balance Sheet of the company.

PLACE: RAIPUR

DATED : 09.05.2012

FOR, BEGANI & BEGANI

Chartered Accountants

FRN: 010779C

Sd/-

(VIVEK BEGANI)

PARTNER

M. No. 403743

SARDA ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST MARCH 2012

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statement of the Company are prepared under the historical cost convention using the accrual method of accounting in accordance with the generally accepted accounting principles in India, mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

1.2 Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as at the date of financial statement and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.3 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

1.4 Fixed Assets

Tangibles

Tangible Assets are stated at cost less accumulated depreciation / amortization and impairment losses if any. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition/construction of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready for commercial use.

Intangibles

Intangible assets are carried at its cost less accumulated amortization and impairment losses if any.

1.5 Depreciation/Amortisation

Depreciation on both Tangible & Intangible assets are provided on Written Down Value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

1.6 Preliminary Expenses

Preliminary Expenses will be amortized over a period of 5 years starting from the Financial Year from which commencement of commercial operations of the company will begin.

1.7 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset. The amount of borrowing costs eligible for capitalization is determined in accordance with Accounting Standard 16 (AS 16) on "Borrowing Costs". Other borrowing costs are recognized as pre-operative expenses in the period in which they are incurred.

(Amount in Rs.)

Note 2: SHARE CAPITAL	As at 31.03.2012	As at 31.03.2011
Authorised : 10,00,000 (P.Y. 10,00,000) Equity Share of Rs. 10/- each	10,000,000	10,000,000
Total	10,000,000	10,000,000
Issued, Subscribed & Paid up Capital: 50,000 (P.Y. 50,000) Equity Shares of Rs. 10/- each	500,000	500,000
Total	500,000	500,000

- a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period :-

Particulars	Equity Shares	As at 31.03.2012	As at 31.03.2011
	Number	Rs.	Rs.
Shares outstanding at the beginning of the year	50000	500,000	500,000
Shares issued during the year	-	-	-
Shares bought back during the year	-	-	-
Shares outstanding at the end of the year	50000	500,000	500,000

- b. All equity shares carry equal voting and distribution rights.
- c. All the above equity shares are held by M/s. Sarda Energy & Minerals Ltd., the Holding Company.
- d. Details of shareholders holding more than 5 percent of shares in the company:-

(Equity shares of Rs. 10/- each fully paid)	As at 31.03.2012	As at 31.03.2011
Name of Shareholder	M/s. Sarda Energy & Minerals Ltd.	
No. of Shares held	50000	50000
% of Holding	100%	100%

Note 3: LONG-TERM BORROWINGS	As at 31.03.2012	As at 31.03.2011
(Unsecured borrowings) Loan from Holding Co.	954,371,961	-
Total	954,371,961	-

- a. There is no fixed term for repayment of the loan.

Note 4: OTHER CURRENT LIABILITIES	As at 31.03.2012	As at 31.03.2011
I.T. Deducted at Source	7,606,281	181,589
Employee Liabilities	266,620	134,727
Total	7,872,901	316,316

Note 6:

FIXED ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As on 01.04.2011	Additions/ Adjustments	Transfer	As on 31.03.2012	Up to 01.04.2011	Dep. For the Year	Transfer	As on 31.03.2012	As on 31.03.2012	As on 31.03.2011
TANGIBLE ASSETS										
Freehold land	68,655,451	(4,329,850)	-	64,325,601	-	-	-	-	64,325,601	68,655,451
Furniture & Fixtures	27,920	-	-	27,920	9,881	5,410	-	15,291	12,629	18,039
Vehicles	896,250	-	806,250	90,000	498,648	44,844	482,368	61,124	28,876	397,602
Office Equipment	521,737	23,800	-	545,537	260,260	54,734	-	314,994	230,543	261,477
TOTAL - TANGIBLE ASSETS	70,101,358	(4,306,050)	806,250	64,989,058	768,789	104,988	482,368	391,409	64,597,649	69,332,569
Previous Year	26,319,428	43,781,930	-	70,101,358	556,003	212,786	-	768,789	69,332,569	25,763,425
INTANGIBLE ASSETS										
Computer Software (Tally)	16,200	-	-	16,200	7,162	3,615	-	10,777	5,423	9,038
TOTAL - INTANGIBLE ASSETS	16,200	-	-	16,200	7,162	3,615	-	10,777	5,423	9,038
Previous Year	16,200	-	-	16,200	1,136	6,026	-	7,162	9,038	15,064

Note 5:	SHORT TERM PROVISIONS	As at 31.03.2012	As at 31.03.2011
	Audit Fees	11,236	11,030
	Provision for Expenses	-	93,800
	Total	11,236	104,830

Note 7:	LONG-TERM LOANS & ADVANCES	As at 31.03.2012	As at 31.03.2011
	(Unsecured, considered good)		
	Capital Advances	786,648,772	132,710,219
	Security Deposits	13,500	13,500
	Total	786,662,272	132,723,719

Note 8:	OTHER NON-CURRENT ASSETS	As at 31.03.2012	As at 31.03.2011
	(Unsecured, considered good)		
	Preliminary Expenses	164,500	164,500
	Pre-Operative Expenses	111,694,360	29,108,588
	Total	111,858,860	29,273,088

Note 9:	CASH & CASH EQUIVALENTS	As at 31.03.2012	As at 31.03.2011
	Balance with Banks	164,958	150,765
	Cash on Hand	-	-
	Total	164,958	150,765

Note 10:	SHORT-TERM LOANS & ADVANCES	As at 31.03.2012	As at 31.03.2011
	(Unsecured, considered good)		
	Advance for Expenses	677,979	685,152
	Total	677,979	685,152

Note 11: ADDITIONAL NOTES TO ACCOUNTS

- a. Contingent liability not provided for is Rs. Nil (Previous Year: Rs. Nil).
- b. The company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises development Act, 2006) claiming their status as on 31st March,2012 as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is Nil (previous year: Nil)
- c. Value of imports on CIF Basis is Rs. Nil (Previous year: Rs. Nil)
- d. Expenditure in foreign currency is Rs. Nil (Previous year: Rs. Nil)
- e. Earnings in foreign currency is Rs. Nil (Previous year: Rs. Nil)

f. As there is no timing difference, deferred tax asset/liability has not been provided for in the books of account.

g. Related Party Transactions:

The details of related parties & nature of relationship are given below:

(i) Name of Related Parties and description of relationship: -

Sl. No.	Description of Relationship	Name of Related Parties
1	Key Managerial Personnel	Mr. K.K. Sarda - Director Mrs. Uma Sarda - Director Mr. Pankaj Sarda - Director
2	Holding Company	M/s. Sarda Energy & Minerals Limited
3	Related Enterprises where significant influence exist	M/s. Rishabh Mining and Transport Co. Pvt. Ltd. Madhya Bharat Power Corporation Ltd.

(ii) Material Transaction with Related Parties

Particulars	Holding Company	Related Enterprises
Loans received (incl. interest accrued & due thereof)	954,371,961 (163,132,520)	
Rent Paid		1,313,011 (1,313,011)
Interest Paid	73,680,137 -	
Advance paid for Expenses		11,508 -
Outstanding as on 31.03.2012		
Share Application Money	- (230,042,520)	
Long-term Borrowings	954,371,961 -	
Trade Payable	- (15,683)	1,193,971 (1,181,710)
Short Term Loans & Advances		11,508 -

Note : Figures in bracket represents previous year figures.

h. The company has not yet commenced commercial operation. As such the Statement of Profit and Loss has not been prepared and consequently Earnings per Share has not been worked out.

i. Previous year's figures are regrouped and reclassified to confirm to this year's classification, as per revised Schedule VI of Companies Act, 1956.

As per our Report of even date

For, Begani & Begani
Chartered Accountants
FRN: 010779C

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

Sd/-

Sd/-

Sd/-

(VIVEK BEGANI)
PARTNER
M. No. 403743

(K. K. SARDA)
DIRECTOR

(PANKAJ SARDA)
DIRECTOR

(MANISH SETHI)
COMPANY SECRETARY

PLACE : RAIPUR
DATE : 09.05.2012

PLACE: RAIPUR
DATE : 09.05.2012